

'Citigroup cannot dilute its stake in Polaris Software'

Banking software major Polaris Software Lab Ltd Thursday said Citigroup, which has 43 percent stake in the IT company, cannot sell its holdings unilaterally.

Reacting to reports that Citi was in talks with some companies to dilute its stake in Polaris, company chairman and managing director Arun Jain told IANS: 'Citigroup is a strategic investor in Polaris. As per our agreement, Citi cannot take decisions to dilute its investment without the prior approval of Polaris' management.'

'We confirm that there has been no dialogue on this subject between Citi and Polaris,' he added.

Jain, however, refused to say whether the promoters of the company, who own 29.15 percent stake, have the 'first right of refusal' to say 'no' if Citigroup decides to dilute its stake.

In normal cases, promoters will include the right of refusal clause while signing joint venture agreements with other firms. However, such clauses cannot be made applicable in the case a person or a company buys shares from secondary market.

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